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**HF 456** – School Bus Purchasing, State Option (LSB 1089HV)  
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Fiscal Note Version – New  
Requested by Representative Curtis Hanson

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**Description**

**House File 456** creates a centralized state-operated school bus purchasing program and requires the Department of Administrative Services (DAS) to develop procedures in consultation with the Department of Education (DE). The program is open to public and nonpublic schools, and participation is voluntary. As a condition of participation, each bidder must agree that if the bidder subsequently offers a substantially similar bid to another purchaser for a lower price, the bidder's contract price with the State will be automatically reduced to match the lower price.

**Background**

The DE and the DAS have been moving forward on this program without legislation and are developing a request for proposals (RFP).

**Assumptions**

It is assumed that:

- Approximately 350 buses are purchased annually in Iowa.
- Savings will be approximately \$500 per bus purchased through the program.
- The startup costs for the DAS involve staff time to create the ordering system and are estimated to be \$14,400. The annual cost to operate the program is estimated to be \$17,500 in staff time. Staff time costs are opportunity costs as they spend their time on these tasks instead of other tasks.
- The DE will not incur any significant costs in developing this program.

**Fiscal Impact**

Statewide, public and nonpublic schools could save up to \$175,000 annually. The costs for the DAS will be opportunity costs and are not significant.

**Sources**

Department of Administrative Services  
Department of Education  
Office of Superintendent of Public Instruction, State of Washington  
Indiana Department of Education

/s/ Holly M. Lyons

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March 11, 2013

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17**. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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